

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUALA 06963 040254Z

62

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 SSO-00 SS-15 INR-07 INRE-00 L-03

/040 W

----- 126281

O 030903Z DEC 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC IMMEDIATE 5401

LIMITED OFFICIAL USE KUALA LUMPUR 6963

STADIS////////////////////////////////////

E.O. 11652: N/A

TAGS: EMIN, ITC

SUBJECT: DECEMBER MEETING OF INTERNATIONAL TIN COUNCIL

1. FURTHER TO INFORMATION REPORTED REFTEL, VERY WELL INFORMED
INDUSTRY SOURCE TODAY PROVIDED FOLLOWING (ALL PRICES IN
MALAYSIAN DOLLARS PER PICUL OF TIN-IN-CONCENTRATES ONE).

2. PRODUCTION COSTS. FOR DREDGING OPERATIONS - M\$600. FOR
GRAVEL PUMP OPERATIONS - M\$650.

3. OTHER COSTS. GOM EXPORT DUTY, CESS AND SURTAX -
M\$250. SMELTING CHARGE - M\$10. SMELTER PROFIT - M\$12.
TRANSPORTATION AND OTHER COSTS, INCLUDING POSSIBLE "BACKDOOR"
COSTS - M\$78.

4. THUS, EVEN ADDING TOTAL OTHER COSTS OF M\$350 TO
PRODUCTION COST OF EITHER M\$600 FOR DREDGING OR M\$650 FOR
GRAVEL PUMP, TOTAL COST IS M\$950 PER PICUL FOR DREDGING
OPERATION AND M\$1,000 FOR GRAVEL PUMP.

5. GIVEN CURRENT PRICE OF M\$1,250 PER PICUL DREDGE OPERATORS
PRE-INCOME TAX PROFIT IS M\$300 AND GRAVEL PUMPS M\$250.

6 COMMENT: FROM OUR PERSPECTIVE, IT IS INCREASINGLY EVIDENT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUALA 06963 040254Z

THAT THE SO-CALLED "PRODUCTION COSTS" OF LDC TIN PRODUCERS

ARE SIGNIFICANTLY INCREASED THROUGH EXPORT TAXES, EXPORT DUTIES AND SIMILAR MECHANISMS WITHIN THE CONTROL OF THE RESPECTIVE LDC PRODUCER GOVERNMENTS. AS REPORTED PARA 7 LA PAZ 9547, EVEN THE HIGHEST COST LDC TIN PRODUCER IMPOSES AN EXPORT TAX OF US\$1,341 PER METRIC TON. IT APPEARS THAT, TO THE EXTENT THE FLOOR PRICE IS A FUNCTION OF THESE LEVIES, THIS RESULTS IN AN IMPOSED COST TO CONSUMERS. LOWER COST LDC PRODUCERS, SUCH AS MALAYSIA OBTAIN, OF COURSE, A LARGER BITE. WE APPLAUD THE SENSE OF PARA 7 LONDON 18990 AND WONDER WHETHER PRODUCER-IMPOSED LEVIES SHOULD NOT BE FACTORED OUT OF THE COMPUTATION OF "PRODUCTION COSTS" FOR FLOOR AND CEILING PRICE PURPOSES. WE APPRECIATE THAT IT MIGHT BE NECESSARY IN CERTAIN CASES TO OFFSET FOREGONE REVENUE TO HIGH COST LDC PRODUCERS THROUGH BILATERAL OR OTHER MEANS. HOWEVER, THIS APPROACH WOULD APPEAR TO SERVE OUR INTERESTS BETTER THAN REVENUE GENERATION THROUGH AN INDIRECT TAX ON TIN CONSUMERS.

UNDERHILL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 DEC 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUALA06963
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760448-0944
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761276/aaaacnje.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by BoyleJA>; APPROVED <13 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DECEMBER MEETING OF INTERNATIONAL TIN COUNCIL
TAGS: EMIN, MY, ITC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006